

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 8045**

**BILL NUMBER: HB 2039**

**DATE PREPARED:** Feb 22, 1999

**BILL AMENDED:**

**SUBJECT:** Worker's compensation regulation.

**FISCAL ANALYST:** Brian Tabor

**PHONE NUMBER:** 233-9456

**FUNDS AFFECTED:**     **GENERAL**  
                              **X DEDICATED**  
                              **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill provides that any individual, organization, or entity that provides worker's compensation coverage must be regulated by the Worker's Compensation Board (WCB) of Indiana consistent with the requirements for insurers. It provides that the Department of Insurance Fund may be used to administer the provisions of this act. The bill also requires the WCB and the Department of Insurance to adopt joint rules not later than September 30, 1999.

**Effective Date:** Upon passage; January 1, 2000.

**Explanation of State Expenditures:** (Revised) This bill could significantly increase the administrative responsibilities of the WCB. The Board is not currently set up to perform this function. However, assuming the Board can contract with another agency, such as the Department of Insurance, expenditures should be minimal. Costs of regulation would be paid from the Department of Insurance Fund. The Department of Insurance Fund is for the purposes of providing supplemental funding for the operations of the Department, to pay the costs of hiring and employing staff, and to enable the Department to maintain accreditation by the National Association of Insurance Commissioners.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. As of December 31, 1998, the WCB had six vacancies out of 49 authorized staff positions. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

**Explanation of State Revenues:** This bill would allow the Department of Insurance Fund to be used to defray the costs associated with this proposal. As of June 30, 1998, there was \$4,423,347 M in the

Department of Insurance Fund (\$3,562,204 M for operating and \$861,144 for examinations). Estimated expenditures from the Department of Insurance Fund for FY 1999 are \$2,398,682 for operating and \$608,176 for examinations.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Worker's Compensation Board, Department of Insurance.

**Local Agencies Affected:**

**Information Sources:** Department of Administration, State Budget Committee.